NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)
FINANCE SUBCOMMITTEE

Friday, October 26, 2012
9:00 a.m. - 11:00 a.m.
Jim West Regional Transit Center, Espanola, NM

AGENDA

CALL TO ORDER

Roll Call

ITEMS FOR DISCUSSION/RECOMMENDATION:

A. **Entrance Conference Fiscal Year 2012 Audit** (Conference call with Hinkle & Landers, Auditors). *Sponsor:* Anthony Mortillaro, NCRTD Executive Director, and Pat Lopez, Financial Analyst.

B. **Petty Cash Policy.** *Sponsor:* Anthony Mortillaro, NCRTD Executive Director, and Pat Lopez, Financial Analyst. *Attachment.*

C. **Creation of a Property Disposal Committee.** *Sponsor:* Anthony Mortillaro, NCRTD Executive Director. *Attachment.*

D. **Budget Amendment for JARC Funding.** *Sponsor:* Anthony Mortillaro, NCRTD Executive Director, and Pat Lopez, Financial Analyst. *Attachment.*

E. **Performance Measures for District Operations.** *Sponsor:* Anthony Mortillaro, NCRTD Executive Director, and Linda Trujillo, Service Development & Projects Manager. *Attachment.*

F. **Update on Status of FTA Financial Management Oversight (FMO) Response:** Discussion. *Sponsor:* Anthony Mortillaro, NCRTD Executive Director

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-310-1428 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To: Finance Subcommittee

From: Anthony J. Mortillaro, Executive Director

Date: June 10, 2011

Re: Resolution 2012 – 23 Resolution Authorizing the Implementation and use of the petty cash policy and procedures

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Background: Recently the Board adopted new procurement regulations on September 7, 2012. Within the previous 2007 adopted procurement regulations, the staff was authorized to implement and use a Petty Cash Fund and to establish procedures for its use. As such the new procurement policies did not intentionally carry this policy directive forward, since procurement regulations are not the appropriate location for this matter. Therefore, the Staff has developed an updated policy.

Recommendation: Staff recommends that the Finance Subcommittee review and recommend to the Board adoption of the proposed resolution providing for a Petty Cash Fund.

Attachments:

Resolution No. 2012-23
Petty Cash Fund policy from 2007 Procurement Regulations
Petty Cash Procedures

North Central Regional Transit District (NCRTD)
Resolution 2012 - 23

A RESOLUTION AUTHORIZING THE IMPLEMENTATION AND USE OF THE PETTY CASH FUND

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Section 73-25-1 et seq.); and

WHEREAS, the NCRTD is a sub-division of the State of New Mexico; and

WHEREAS, the NCRTD was approved and certified by the New Mexico Department of Transportation on the 14th day of September 2004; and

WHEREAS, the NCRTD is entering its 5th year of providing public transit services in North Central New Mexico and the Procurement Regulation's adopted in 2007 had referenced a Petty Cash Policy for the staff to follow; and

WHEREAS, upon the adoption of the revised Procurement Regulations it is necessary for the Board to consider reauthorization of the establishment of a Petty Cash Fund Policy.

NOW, THEREFORE, BE IT RESOLVED by the NCRTD Board of Directors that a Petty Cash Fund Policy is established as follows and that the NCRTD Executive Director is authorized to implement and develop Procedures to insure appropriate accounting, and maximum accountability in accordance with this policy that follows:

1. A "Petty Cash" Fund is hereby re-established in the maximum amount of one hundred dollars ($100.00) per department authorized by the Executive Director.
2. The intent is to provide for incidental, small value and emergency purchasing.
3. Purchases of materials and supplies for District use in an amount not to exceed seventy five dollars ($75.00) per purchase without requisition or purchase order upon approval of the department's manager is authorized.

PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 5TH DAY OF OCTOBER 2012.

_____
Daniel Barrone, Chairman

Approved as to form:

_____
Peter Dwyer, Counsel

normal procurement methods and the lack of which would seriously threaten the functioning of government; the preservation or protecting of property; or the health or safety of any person. The existence of an emergency condition must first be determined by the Executive Director. The NCRTD office shall maintain for a minimum of three years records of all emergency procurements. The record of such procurement shall be public record and shall contain:

1. The contractor's name and address
2. The amount and term of the contract, and
3. A listing of the goods and services procured under the contract.

A written description of the basis for determining that there was an emergency and for the selection of the particular vendor or contractor shall be included in the procurement file.

C. Urgent or Emergency Requisitions. All urgent or emergency requisitions shall have the words "Urgent" or "Emergency" written on the top as is applicable, and shall be accompanied by a receipt or invoice for the purchase.

D. Justification. In all cases that urgent purchases are telephoned to the NCRTD office, the office shall verify authorization and request verbal justification for the purchase prior to assigning a purchase order number. All emergency and urgent purchases shall be justifiable and the purchaser shall be responsible for attaching a written justification to the requisitions.

3.3 Remote or Off-Site Purchases. Those purchasers who are located within a remote or off-site area which physically hinders submitting requisitions prior to the purchase shall use procedures established by the Executive Director as a supplemental regulation to this policy.

3.4 Open Purchase Order. For the purpose of this policy, open purchase orders are purchase orders which are utilized for numerous and repeated daily purchases which are anticipated over an extended period of time, but in no event may overlap fiscal years. The Executive Director may establish a cap on open purchase orders as a supplemental regulation to this policy.

3.5 Petty Cash Procedures. Petty cash funds are cash funds which are made readily available to offices or department heads for the purpose of making small cash purchases. A petty cash fund shall not exceed $50.00. Increases in petty cash funds must have approval from the Executive Director. The Executive Director shall be responsible for establishing written safeguards, provisions and procedures to insure appropriate accounting and maximum accountability for all petty cash funds. The Executive Director may at any time change the procedures for petty cash funds, or eliminate a petty cash fund if deemed appropriate, and shall eliminate a petty cash fund in cases that procedure are not being reasonably followed, or in cases that unnecessary or repetitious shortages/overages in funds occur. Petty cash funds are subject to audit by the Executive Director or ED's designee at any time without notice. Custodians shall be assigned to

each individual petty cash fund and be held responsible and accountable to the Executive

Director for the appropriate management of the petty cash funds. All custodians shall be required to sign for a copy of the Petty Cash Procedures and shall be knowledgeable thereof. Copies of updated Petty Cash procedures shall be attached to and made a supplement of this policy.

3.6 Used Equipment and Item Purchases. Funds for used equipment and items shall be specifically appropriated by the Executive Director for such purchases. Such purchases shall be in accordance with Section 2.6 of this Policy to include the following provisions:

> The Executive Director is authorized to approve purchases of used equipment not to exceed the amount of funds appropriated for such purchases. Used equipment or items with a price or estimated value of $5,000 or more shall require bids as though the items were new, adding specifications that permit used items under conditions to be outlined in the bid specifications including but not limited to requiring a written warranty for at least ninety days after the date of delivery, and an independent "certificate of working order" by a qualified mechanic or appraiser.

3.7 Special Funds. Funds for specialized activities, such as special boards, undercover operations, etc., shall be specifically appropriated by the NCRTD. The Executive Director shall be responsible for preparing written supplemental regulations establishing safeguards, provisions and procedures to insure appropriate accounting and maximum accountability for such funds. The person carrying out the specialized activity shall be the custodian strictly responsible for the appropriate use of these funds and shall sign for a copy of such written procedures Copies of updated procedures shall be attached to and made a supplement of this policy.

3.8 Routine Monthly purchases and Other Non-Standard Purchases. Routine monthly purchases such as utility bills or other service charges and other non-standard purchases such as professional services, lease purchases, formal bids, purchases of real property, funds appropriated for support to other agencies, emergency purchases, or other purchases requiring special purchases shall be processed in accordance with State Statutes and written procedures established by the Executive Director. Copies of updated procedures shall be attached to and made a supplement to this policy.

3.9 Approval and Revision of Supplements. All supplemental regulations or revisions of this policy except as specified above as the responsibility of the Executive Director, shall be approved by the NCRTD Board of Directors and attached to and made a part of this policy.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT	
SUBJECT: Petty Cash	**NUMBER**: Financial - 03
EFFECTIVE DATE: December 9, 2011	
AMENDS/SUPERSEDES: NA	**APPROVED**: A. J. Mortillaro Anthony J. Mortillaro, Executive Director 12/9/11

1. **Objective**:

To establish and maintain a petty cash fund for the North Central Regional Transit District and to promulgate procedures to insure appropriate accounting and accountability for all petty cash funds as provided within the Districts adopted Procurement Policies.

2. **Coverage**:

This guideline applies to all employees of the North Central Regional Transit District (NCRTD or District). NCRTD's duly designated Finance Section is responsible for the enforcement of this policy.

3. **Policy**:

The NCRTD Financial Manager will be the master custodian. Department custodians will be assigned to each individual petty cash fund. Staff of NCRTD must follow the guidelines as outlined below. The Petty Cash fund will be established in an amount not to exceed $50.00 and will be replenished as needed following proper procedures.

4. **Guidelines**:

a. Custodian's Responsibilities

The petty cash custodian is responsible for the safekeeping of their fund. The fund should be maintained in a secure place (locked drawer, cash box, cabinet or safe) and should be physically separated from other monies.

Petty cash funds are operated on an imprest basis. Petty cash is established at a certain amount, the imprest amount, and the custodian is responsible for that amount. Receipts are obtained for all disbursements and kept with the petty cash monies until replenishment is requested. The total of currency and receipts should at ALL times equal the imprest amount of the fund. All petty cash funds are subject to unannounced audits by the Executive Director.

b. Processes

1. A fund may be used for small repetitive or emergency purchases for a department and approved by the Department Manager.
2. Small repeat purchases from petty cash should not be used to avoid purchasing procedures where volume and bidding might secure lower prices.
3. Disbursements from petty cash funds must be properly documented and for a valid business purpose.
4. Petty cash funds may NOT be used for the following:
    1. Cashing personal checks
    2. Providing personal loans
    3. Any items that are used or consumed by employees that are not for NCRTD use.

There are two methods of withdrawing funds from petty cash:

1. **The reimbursement method**: Petty cash may be used to reimburse an individual for a purchase that was made using his/her personal funds. Upon presentation of an original receipt, vendor invoice, or other adequate documentation to support the expenditure, the petty cash custodian will reimburse the individual for the exact amount of the purchase, based upon the documentation presented.

2. **The advance method:** The petty cash custodian may advance petty cash to an individual in anticipation of a purchase. Since the purchase has not yet been made at the time of the petty cash withdrawal, the amount withdrawn may vary from the amount of the actual purchase. Documentation must be submitted to the petty cash custodian within a reasonable time, e.g. two days. If the actual expenditure was less than the amount advanced, the individual must return the excess cash together with valid documentation of the expenditure. If the actual expenditure was more than the amount advanced, requiring an outlay of personal funds by the individual making the purchase, the individual may be reimbursed for the excess amount after submitting adequate documentation to support the expenditure.

c. Replenishment

When the cash balance becomes low, the custodian requests replenishment. The custodian counts the cash and totals the receipts. The custodian fills out a purchase requisition form, payable to them, and signed by the Executive Director. The receipts, and a reconciliation spreadsheet listing the individual amounts and the total, are attached to the purchase requisition. The reconciliation spreadsheet lists each expenditure account used, and the total for each expenditure account. The purchase requisition also lists cash over or short, if relevant. The amount of cash requested on the purchase requisition should be the amount needed to restore the petty cash fund to the imprest amount.

d. Finance Office Duties

In order for the Finance Office to keep the budget expenditures correct after a replenishment is requested a copy of the receipts and reconciliation report needs to be submitted to the Financial Specialist so that these expenditures can be recorded in the proper accounting strings.

e. Establishing, Changing, Closing or Transferring a Petty Cash Fund

Establishing
Petty cash funds are established by submitting a memo to the Executive Director for the requested petty cash amount. The Executive Director will copy the approval to the Finance Manager who will then need to establish a General Ledger code for this fund. A purchase requisition needs to accompany the memo asking for the fund. The A/P staff will process a payment voucher and a check will be cut that is made payable to the designated fund custodian.

Increasing
If the petty cash fund has to be replenished too often, the imprest amount may be increased. A purchase requisition with a justification memo asking for an increase is submitted in the same way as for initially establishing the petty cash fund.

Decreasing
If the petty cash fund is seldom used, the imprest amount may be decreased by depositing the unneeded amount into the NCRTD checking account.

Closing
If a petty cash fund is no longer needed, it may be closed, as follows:
1. Turn in the remaining cash to the Finance Manager and obtain a receipt.
2. Bring the receipt and all other petty cash vouchers to the finance office. The finance office will prepare a journal entry to record the expenditures, any cash short or over, and credit petty cash.

Transferring
If the custodian for the petty cash fund changes:
1. Inform the Financial Manager. The Financial Manager will confirm the change with the Executive Director and update the custodian in the audit workpapers.
2. Replenish the petty cash fund, as described above, so that the new custodian begins with cash equal to the imprest balance.

f. Disciplinary Action

1. Failure to comply with this Administrative Directive may result in disciplinary action in accordance with the Districts Personnel Policies. Discipline will be evaluated and based upon the number of violations and severity of the incident. The Human Resources Office must be consulted by a department when assessing the appropriate level of disciplinary action.
2. Individuals engaged in fraud (i.e. theft) will be subject to immediate dismissal.

RECEIPT AND UNDERSTANDING OF POLICY BY PETTY CASH CUSTODIAN

I have read and understand the NCRTD Petty Cash Policy. By signing below, I acknowledge receipt of a copy of the policy, and hereby agree to abide by its provisions.

_____	_____
Signature of Employee	Date
_____	_____
Name (Printed)	Department

Memorandum

To: Finance Subcommittee

From: Anthony J. Mortillaro, Executive Director

Date: June 10, 2011

Re: Creation of Property Disposal Committee

Background: State statues govern the disposition of obsolete, worn-out or unusable tangible personal property owned by local public bodies. Pursuant to state statue Section 13-6-1 NMSA, the RTD is required to designate a committee of at least three members of the Board to approve and oversee the disposal of worn-out, obsolete or otherwise unusable property. The attached resolution provides the establishment of a standing committee, the appointment of its members and duties.

Recommendation: Staff recommends that the Finance Subcommittee review and recommend to the Board adoption of the proposed resolution providing for a Property Disposal Committee.

Attachments:

State Statue Section 13-6-1
Resolution No. 2012-25 Establishing a Property Disposal Committee

13-6-1

13-6-1 . Disposition of obsolete, worn-out or unusable tangible personal property.

A. The governing authority of each state agency, local public body, school district and state educational institution may dispose of any item of tangible personal property belonging to that authority and delete the item from its public inventory upon a specific finding by the authority that the item of property is:

(1) of a current resale value of five thousand dollars ($5,000) or less; and

(2) worn-out, unusable or obsolete to the extent that the item is no longer economical or safe for continued use by the body.

B. The governing authority shall, as a prerequisite to the disposition of any items of tangible personal property:

(1) designate a committee of at least three officials of the governing authority to approve and oversee the disposition; and

(2) give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action.

C. A copy of the official finding and proposed disposition of the property sought to be disposed of shall be made a permanent part of the official minutes of the governing authority and maintained as a public record subject to the Inspection of Public Records Act [Chapter 14, Article 2 NMSA 1978].

D. The governing authority shall dispose of the tangible personal property by negotiated sale to any governmental unit of an Indian nation, tribe or pueblo in New Mexico or by negotiated sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities or through the central purchasing office of the governing authority by means of competitive sealed bid or public auction or, if a state agency, through the surplus property bureau of the transportation services division of the general services department.

E. A state agency shall give the surplus property bureau of the transportation services division of the general services department the right of first refusal when disposing of obsolete, worn-out or unusable tangible personal property of the state agency.

F. If the governing authority is unable to dispose of the tangible personal property pursuant to Subsection D or E of this section, the governing authority may sell or, if the property has no value, donate the property to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

G. If the governing authority is unable to dispose of the tangible personal property pursuant to Subsection D, E or F of this section, it may order that the property be destroyed or otherwise permanently disposed of in accordance with applicable laws.

H. If the governing authority determines that the tangible personal property is hazardous or contains hazardous materials and may not be used safely under any circumstances, the property shall be destroyed and disposed of pursuant to Subsection G of this section.

I. No tangible personal property shall be donated to an employee or relative of an employee of

a state agency, local public body, school district or state educational institution; provided that nothing in this subsection precludes an employee from participating and bidding for public property at a public auction.

J. This section shall not apply to any property acquired by a museum through abandonment procedures pursuant to the Abandoned Cultural Properties Act [18-10-1 to 18-10-5 NMSA 1978].

K. Notwithstanding the provisions of Subsection A of this section, the department of transportation may sell through public auction or dispose of surplus tangible personal property used to manage, maintain or build roads that exceeds five thousand dollars ($5,000) in value. Proceeds from sales shall be credited to the state road fund. The department of transportation shall notify the department of finance and administration regarding the disposition of all property.

History: 1953 Comp., § 6-1-7.1, enacted by Laws 1961, ch. 100, § 1; 1979, ch. 195, § 2; 1984, ch. 47, § 1; 1987, ch. 15, § 1; 1989, ch. 211, § 6; 1995, ch. 181, § 1; 1998, ch. 16, § 1; 2001, ch. 317, § 1; 2007, ch. 57, § 4; 2012, ch. 10, § 1.

13-6-2. Sale of property by state agencies or local public bodies; authority to sell or dispose of property; approval of appropriate approval authority.

A. Providing a written determination has been made, a state agency, local public body, school district or state educational institution may sell or otherwise dispose of real or tangible personal property belonging to the state agency, local public body, school district or state educational institution.

B. A state agency, local public body, school district or state educational institution may sell or otherwise dispose of real property:

(1) by negotiated sale or donation to an Indian nation, tribe or pueblo located wholly or partially in New Mexico, or to a governmental unit of an Indian nation, tribe or pueblo in New Mexico, that is authorized to purchase land and control activities on its land by an act of congress or to purchase land on behalf of the Indian nation, tribe or pueblo;

(2) by negotiated sale or donation to other state agencies, local public bodies, school districts or state educational institutions;

(3) through the central purchasing office of the state agency, local public body, school district or state educational institution by means of competitive sealed bid, public auction or negotiated sale to a private person or to an Indian nation, tribe or pueblo in New Mexico; or

(4) if a state agency, through the surplus property bureau of the transportation services division of the general services department.

C. A state agency shall give the surplus property bureau of the transportation services division of the general services department the right of first refusal to dispose of tangible personal property of the state agency. A school district may give the surplus property bureau the right of first refusal to dispose of tangible personal property of the school district.

D. Except as provided in Section 13-6-2.1 NMSA 1978 requiring state board of finance approval for certain transactions, sale or disposition of real or tangible personal property having a current resale value of more than five thousand dollars ($5,000) may be made by a state agency, local public body, school district or state educational institution if the sale or disposition has been approved by the state budget division of the department of finance and administration for state agencies, the local government division of the department of finance and administration for local public bodies, the public education department for school districts and the higher education department for state educational institutions.

E. Prior approval of the appropriate approval authority is not required if the tangible personal property is to be used as a trade-in or exchange pursuant to the provisions of the Procurement Code [Sections 13-1-28 through 13-1-199 NMSA 1978].

F. The appropriate approval authority may condition the approval of the sale or other disposition of real or tangible personal property upon the property being offered for sale or donation to a state agency, local public body, school district or state educational institution.

G. The appropriate approval authority may credit a payment received from the sale of such real or tangible personal property to the governmental body making the sale. The state agency, local public body, school district or state educational institution may convey all or any interest in the real or tangible personal property without warranty.

H. This section does not apply to:

(1) computer software of a state agency;

(2) those institutions specifically enumerated in Article 12, Section 11 of the constitution of New Mexico;

(3) the New Mexico state police division of the department of public safety;

(4) the state land office or the department of transportation;

(5) property acquired by a museum through abandonment procedures pursuant to the Abandoned Cultural Properties Act [18-10-1 NMSA 1978];

(6) leases of county hospitals with any person pursuant to the Hospital Funding Act [4-48B-1 NMSA 1978];

(7) property acquired by the economic development department pursuant to the Statewide Economic Development Finance Act [6-25-1 NMSA 1978]; and

(8) the state parks division of the energy, minerals and natural resources department.

History: 1978 Comp., § 13-6-2, enacted by Laws 1979, ch. 195, § 3; 1980, ch. 89, § 17; 1984, ch. 47, § 2; 1987, ch. 15, § 2; 1989, ch. 211, § 7; 1989, ch. 380, § 3; 2001, ch. 291, § 9; 2001, ch. 317, § 2; 2003, ch. 203, § 1; 2003, ch. 349, § 21; 2004, ch. 95, § 1; 2007, ch. 57, § 5.

North Central Regional Transit District (NCRTD)
Resolution 2012 - 25

A RESOLUTION AUTHORIZING THE CREATION OF THE PROPERTY DISPOSAL COMMITTEE

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Section 73-25-1 et seq.); and

WHEREAS, the NCRTD is a sub-division of the State of New Mexico; and

WHEREAS, the NCRTD was approved and certified by the New Mexico Department of Transportation on the 14th day of September 2004; and

WHEREAS, the NCRTD is entering its 5th year of providing public transit services in North Central New Mexico and, from time to time, has property that is worn-out, unusable or obsolete to the extent that the item or items are no longer economical or safe for continued use by the NCRTD; and

WHEREAS, pursuant to Section 13-6-1 NMSA, NCRTD is required to designate a committee of at least three (3) members of the Board to approve and oversee the disposal of worn-out, obsolete or otherwise unusable property,

NOW, THEREFORE, BE IT RESOLVED by the NCRTD Board of Directors that a standing committee, with members to be appointed by the Chair, serve as the Property Disposal Committee. Membership on the committee shall consist of a minimum of three (3) members of the Board and not more than five (5) members. Membership on the committee shall commence upon the date of appointment by the Chair and shall continue until the Board meeting of November, 2013.

FURTHER, the duties of the Property Disposal Committee shall be to oversee the disposal of worn-out, obsolete or otherwise unusable property.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT that the Property Disposal Committee is hereby established.

PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 2ND DAY OF NOVEMBER 2012.

_____
Daniel Barrone, Chairman

Approved as to form:

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Peter Dwyer, Counsel

Memorandum

To: Finance Subcommittee

From: Anthony J. Mortillaro, Executive Director

Date: June 10, 2011

Re: Resolution 2012 – 24 authorizing an adjustment of the Fiscal Year 2013 adopted budget and the use of additional funds received from the Federal Job Access and Reverse Commute (JARC) Program under Section 5316

Background: An additional amount of JARC funding was requested and received by the District. At the Boards August 3, 2012 meeting these additional funds were allocated by the Board towards the operation of an additional day on the Chama route in the amount of $50,000.

The Board of Directors adopted a FY 2012 budget and any subsequent adjustments to the adopted budget must be approved.

Recommendation: Staff recommends that the Finance Subcommittee review and recommend to the Board adoption of the proposed resolution providing for a budget adjustment.

Attachments: Resolution No. 2012-24

North Central Regional Transit District (NCRTD)
Resolution 2012 - 24

A RESOLUTION AUTHORIZING AN ADJUSTEMENT OF THE FISCAL YEAR 2013 ADOPTED BUDGET AND THE USE OF ADDITIONAL FUNDS RECEIVED FROM THE FEDERAL JOB ACCESS AND REVERSE COMMUTE (JARC) PROGRAM UNDER SECTION 5316

WHEREAS, the NCRTD was created through legislative enactment (NMSA 1978, Section 73-25-1 et seq.); and

WHEREAS, the NCRTD is a sub-division of the State of New Mexico; and

WHEREAS, the NCRTD was approved and certified by the New Mexico Department of Transportation on the 14th day of September 2004; and

WHEREAS, the NCRTD is entering its 5th year of providing public transit services in North Central New Mexico and additional funds were allocated by the New Mexico Department of Transportation from the Federal Job Access and Reverse Commute Program under Section 5316 in the amount of $50,000 to the NCRTD; and

WHEREAS, the Board of Directors at their August 3, 2012 meeting approved the use of such funds for adding an additional day to the Chama Route; and

WHEREAS, the NCRTD Board of Director's hereby adopts the budget increase hereinafter described and respectfully requests approval from the State of New Mexico's Local Government Division of the Department of Finance and Administration.

NOW, THEREFORE, BE IT RESOLVED by the NCRTD Board that the request for a budget increase in the amount of $50,000.00 is approved.

PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 5TH DAY OF OCTOBER 2012.

_____
Daniel Barrone, Chairman

Approved as to form:

_____
Peter Dwyer, Counsel

Memorandum

To: Finance Subcommittee

From: Linda Trujillo, Service Development and Transit Projects Manager

Thru: Anthony J. Mortillaro, Executive Director

CC: Mike Kelly, Transit Operations and Facilities Manager

Date: October 16, 2012

Re: Performance Measures

Background – Since 2007 the NCRTD has reported to and used the performance measures from the DOT Transit and Rail Division. These measures are number of trips, number of vehicle miles, and number of vehicle hours, total expenditures, and cost per trip. These measures were only for the 5311/5316 grants program and routes and do not represent the full picture of the NCRTD. These performance measures were not reported to the Board or publicly transmitted unless requested. With the GRT revenue stream funding new routes and portions of 5311 and 5316 funded routes, it became clear that performance measures needed to be developed that reflect the consolidated budget encompassing all revenue streams and present a total picture of the performance of all routes and type of service.

The performance measures that were developed are designed to provide data that can be evaluated in a logical manner. It allows the District to identify areas in which its performance may need to be improved and to understand the characteristics and factors that impact that performance. In addition, to the extent feasible a peer comparison or a benchmark has been included as available or appropriate. This performance data is important since many times the District's costs, efficiencies and productivity is not measured against any benchmark or standard or attempts are made to compare it against systems that bear no similarities in mission, complexity or service area. Therefore, the data presented should provide some context in which to assess the District and its efforts to deliver services based upon its mission, goals and objectives.

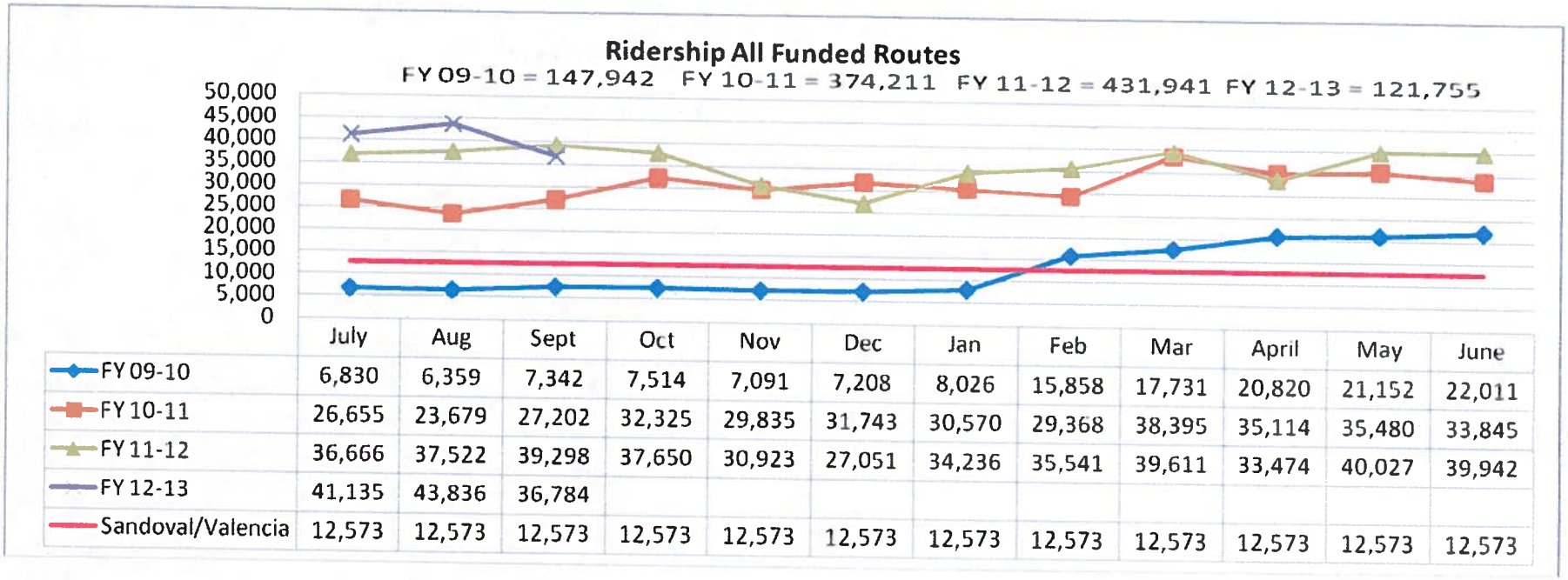
Recommendation- Staff recommends review and discussion and a recommendation from the Finance Subcommittee to the Board for their consideration for adoption.

Attachments - Draft Performance Measure Matrix

North Central Regional Transit District
Performance Measures for Fiscal Year 2013

PERFORMANCE MEASUREMENT: Ridership Tracking of All NCRTD Funded Routes.

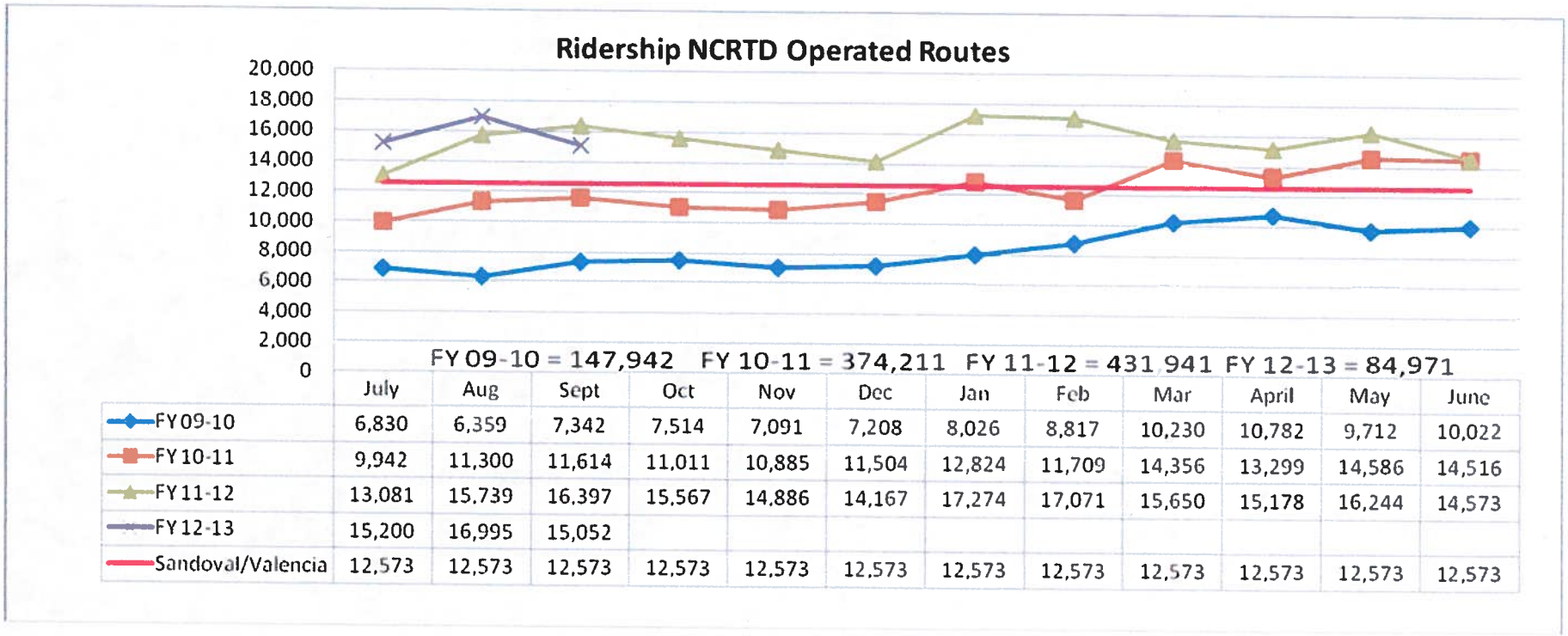
Ridership is the number of one way trips taken by individuals riding public transportation. The ridership data is collected for the NCRTD from the drivers daily tally sheets, as well as monthly ridership reports from four routes that the NCRTD funds in the City of Santa Fe and three routes funded in Los Alamos County. This measurement tracks the number of one way trips taken on all the routes in the district that utilize funding from federal grants or NCRTD regional transit GRT funds. This graph shows the combined ridership numbers, and compares them each month to see the rise or decline in the number of monthly one way trips taken. The information is important to track as it serves as a gauge of how the total funded routes in the region are doing collectively in the number of trips taken and is an overall indicator of how well the regional district is addressing the issue of accessible mobility by implementing routes that are in areas where there is public demand. Sandoval/Valencia counties are used as a comparison because they are a two county service of the Rio Metro Transit District. We have searched for comparable transit systems to compare however performance measurements and benchmarks are newly developing in the rural areas. We will continue to search appropriate comparable systems for comparison.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
FY 09-10	6,830	6,359	7,342	7,514	7,091	7,208	8,026	15,858	17,731	20,820	21,152	22,011
FY 10-11	26,655	23,679	27,202	32,325	29,835	31,743	30,570	29,368	38,395	35,114	35,480	33,845
FY 11-12	36,666	37,522	39,298	37,650	30,923	27,051	34,236	35,541	39,611	33,474	40,027	39,942
FY 12-13	41,135	43,836	36,784									
Sandoval/Valencia	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573

PERFORMANCE MEASUREMENT: Ridership Tracking of NCRTD operated routes.

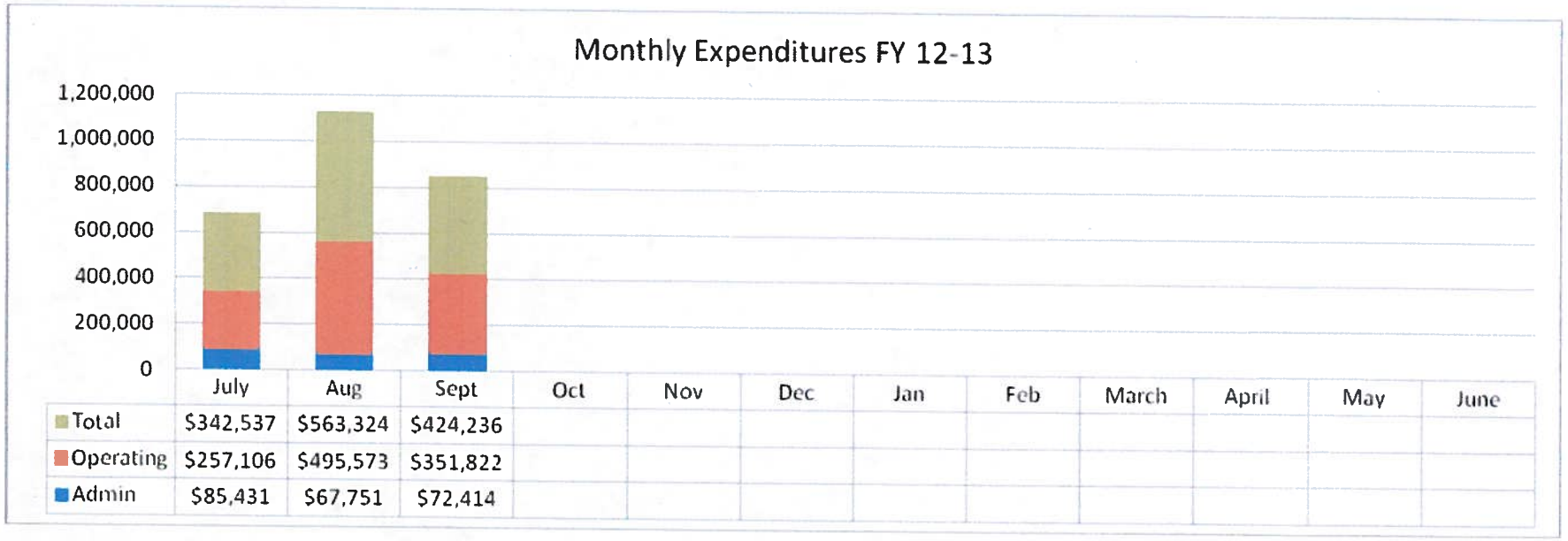
Ridership is the number of one way trips taken by individuals riding public transportation. This ridership data is collected from all the NCRTD drivers tally sheets for the different routes operated by the NCRTD only. This includes 20 fixed and commuter routes as well as the demand response routes. We are measuring the number of one way trips taken by individiuals on each of the implemented routes to see their effectiveness. It is important to measure the ridership to ensure that the NCRTD is reaching areas in the district that have high demand for accessible mobility. This graph tells us whether our ridership numbers are rising or falling each month, and what is the annual increase/decrease. We have provided Sandoval/Valencia counties as a comparison because they are a two county service of the Rio Metro Transit District. We have searched for comparable transit systems to compare however performance measurements and benchmarks are newly developing in the rural areas. We will continue to search appropriate comparable systems for comparison.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
FY 09-10	6,830	6,359	7,342	7,514	7,091	7,208	8,026	8,817	10,230	10,782	9,712	10,022
FY 10-11	9,942	11,300	11,614	11,011	10,885	11,504	12,824	11,709	14,356	13,299	14,586	14,516
FY 11-12	13,081	15,739	16,397	15,567	14,886	14,167	17,274	17,071	15,650	15,178	16,244	14,573
FY 12-13	15,200	16,995	15,052									
Sandoval/Valencia	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573	12,573

PERFORMANCE MEASURE: Total Monthly Expenditures for Administrative and Operating

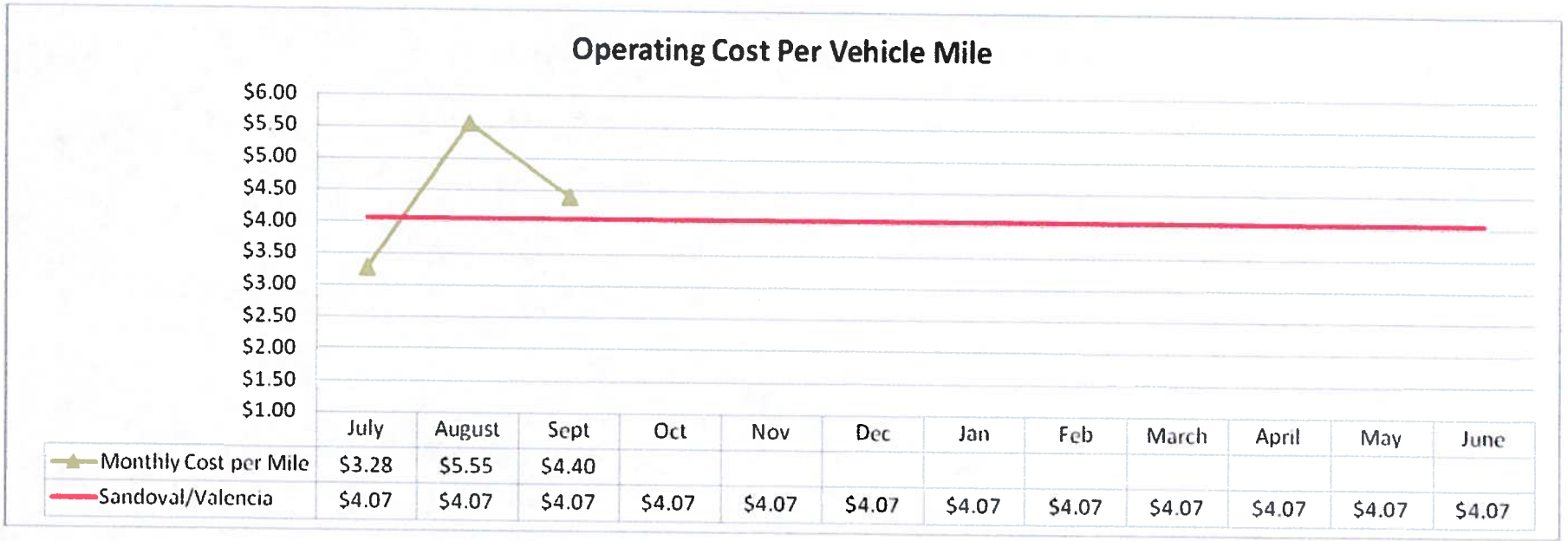
This measure tells us how much money was spent on Administrative and Operating expenses on a monthly basis, and ultimately annually. This data is collected each month from the Finance Department from their budget status report from the posting of each expenditure to their line items in the budget. This measures the combined funding expenditures of the NCRTD and how the funds are spent. It is important to measure the expenditures to maintain a balanced budget, as well as to know how much it costs the NCRTD to operate the buses that are transporting the riders of the system. By tracking operating expenditures we can use this number to divide by the number of trips to compute the cost per trip or divide by the number of miles travelled to detremine the cost per mile. By knowing the amount spent on operations we can track how much our budget request needs to be each year when we request federal funding from the NM Department of Transportation and create a budget for board approval.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Total	$342,537	$563,324	$424,236									
Operating	$257,106	$495,573	$351,822									
Admin	$85,431	$67,751	$72,414									

PERFORMANCE MEASURE: Operating Cost per Vehicle Mile

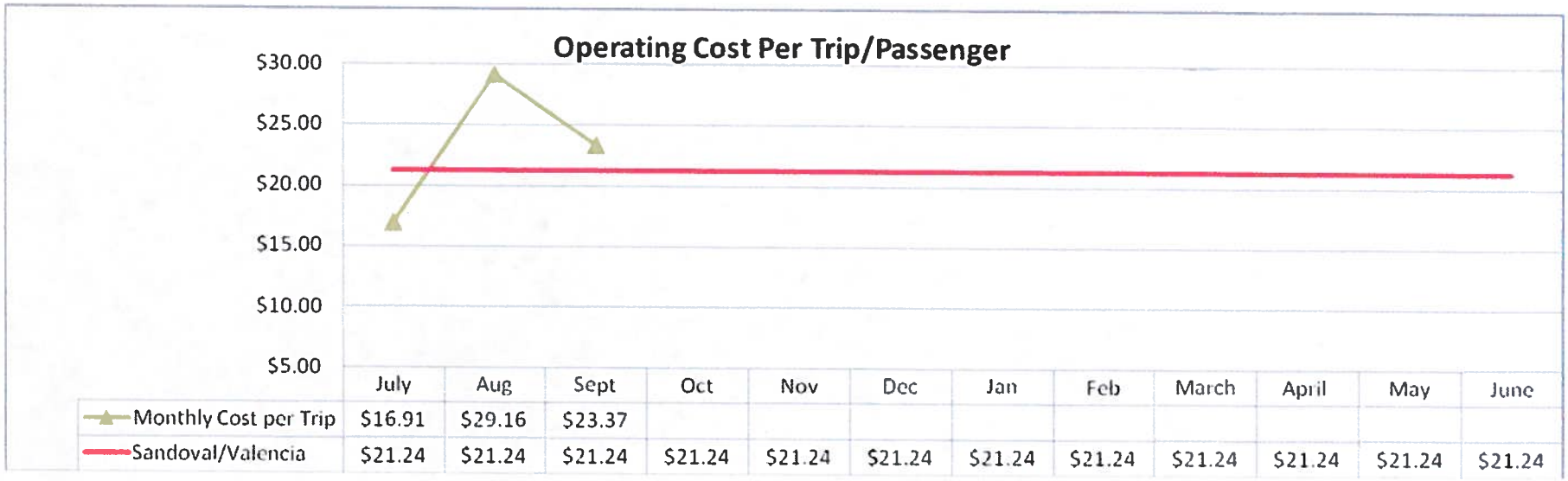
Cost per mile is the amount the NCRTD spent on a mile travelled of service provided. As a cost efficiency measure, operating costs per vehicle mile assess the financial resources needed for the system to produce "vehicle miles". This cost per mile is computed on a monthly basis by dividing the monthly operating costs by the total monthly miles travelled. The monthly operating costs are obtained from the Finance Department and the number of miles travelled is obtained from the driver daily tally sheets for each route and tallyed into a monthly number. This is a measurement the NM Department of Transportation uses as one of their performance measures for the state-wide transit guide they produce annually. It is also used by the NM DOT to see the cost per mile performance of a transit system in the state-wide awards of §5311 funding. The data is collected from the daily driver tally sheets, by deducting their beginning mileage from their ending mileage daily for each route. It is important to track our cost per mile to see the amount of budget being spent to travel a particular route as well as collectively for all routes. At this time we are using Sandoval and Valencia counties as a comprable, however their monthly miles are less than the NCRTD's, as well as their operating budget. The number used for Sandoval and Valencia counties is an annual average as there is no monthly cost available at this time.



	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Monthly Cost per Mile	$3.28	$5.55	$4.40									
Sandoval/Valencia	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07	$4.07

PERFORMANCE MEASURE: Operating Cost per Trip/Passenger

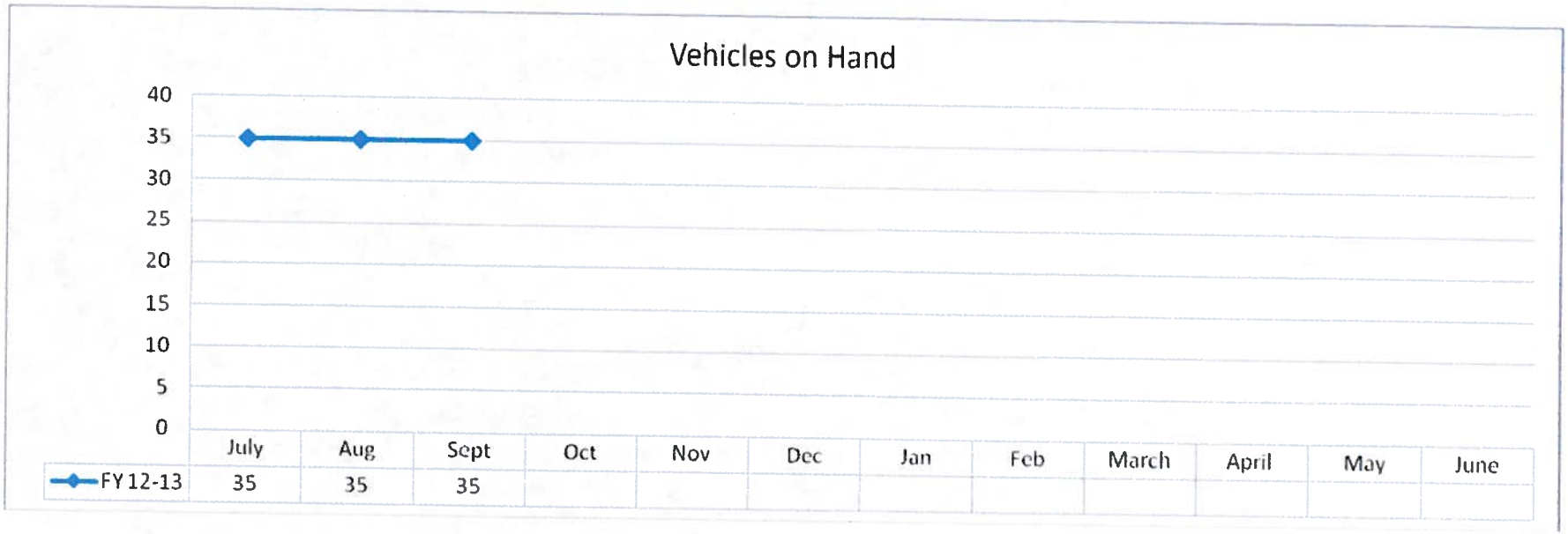
Riderers are measured as trips and not a individual passengers. One passenger can generage several trips in a day, and these are counted individually. Example, a particular rider may board in Questa (1 trip) and transfer to the Taos to Espanola bus (1 trip) and again transfer to the Santa Fe bus in Espanola (1 trip) for a total of three trips. It would be difficult to recognize each rider and track them as unduplicated passengers on the numerous routes of the NCRTD. The cost per trip/passenger is computed on a monthly basis by dividing the monthly operating costs by the total monthly number of passenger trips. This also is a measurement the NM Department of Transportation uses as one of their performance measures to the state-wide transit guide they produce annually. It also is used by the NMDOT to see the cost a transit system is paying for each trip they provide and appears in the state-wide award booklet produced for the award of §5311 funding. The data is important to track as a guide to see the effectiveness of a route and what it is approximately costing to provide the trip to each boarding trip. At this time we are using Sandoval and Valencia counties as a comprable, however their monthly ridership is less than the NCRTD's, as well as their operating budget. The number used for Sandoval and Valencia counties is an annual average as there is no monthly cost available at this time. Large service areas with lengthy passenger trips and low density within the service area increase these costs.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Monthly Cost per Trip	$16.91	$29.16	$23.37									
Sandoval/Valencia	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24	$21.24

PERFORMANCE MEASURE: Number of Vehicles on Hand

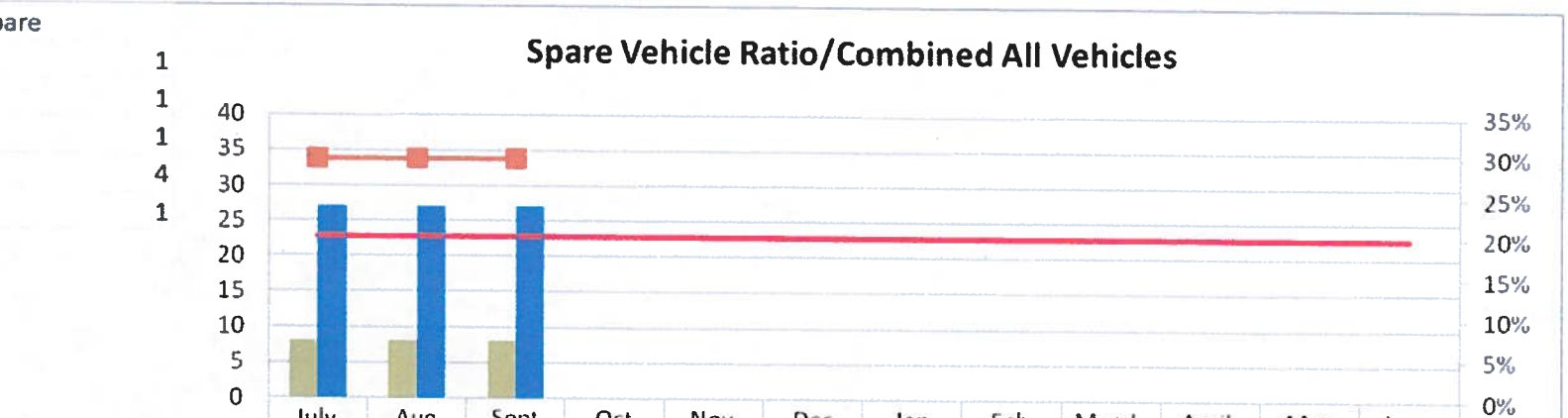
This measure is to know at all times the number of vehicles in the bus fleet. This information is kept current by the Fleet Manager to endsure appropriate levels of vehicles to conduct business on a daily basis, covering all routes in operation. A portion of the total fleet number includes the number of vehicles on had for replacement (see Spare Vehicle Ratio) when vehicles are out due to service and repairs. This measure is adjusted as vehicles are purchased, retired, or auctioned. Knowing the number of vehicles on hand is important to ensure all routes will be covered by safe and efficient buses, and that we have an appropriate number by comparison to the number of routes in service. It enables us to cover all fixed and commuter routes, as well as the availability of vehicles for daily operation of demand response. It will eventually provide us with a fleet growth chart through the years for comparison.



PERFORMANCE MEASUREMENT: Spare Vehicle Ratio/Combined all Vehicles

FTA defines the spare ratio as the number of spare vehicles divided by the vehicles required for annual maximum service. Recommended FTA spare vehicle ratio is 20%. Spare ratio is usually expressed as a percentage, e.g., 100 vehicles required and 20 spare vehicles is a 20 percent spare ratio. It is important to track this percentage to ensure coverage of all routes in service with extra vehicles due for routine maintenance or unexpected breakdowns. It will tell us whether or not we need to purchase additional vehicles and in what timeframe to maintain the appropriate ratio. We have used the FTA recommendation of 20% as a benchmark/recommendation.

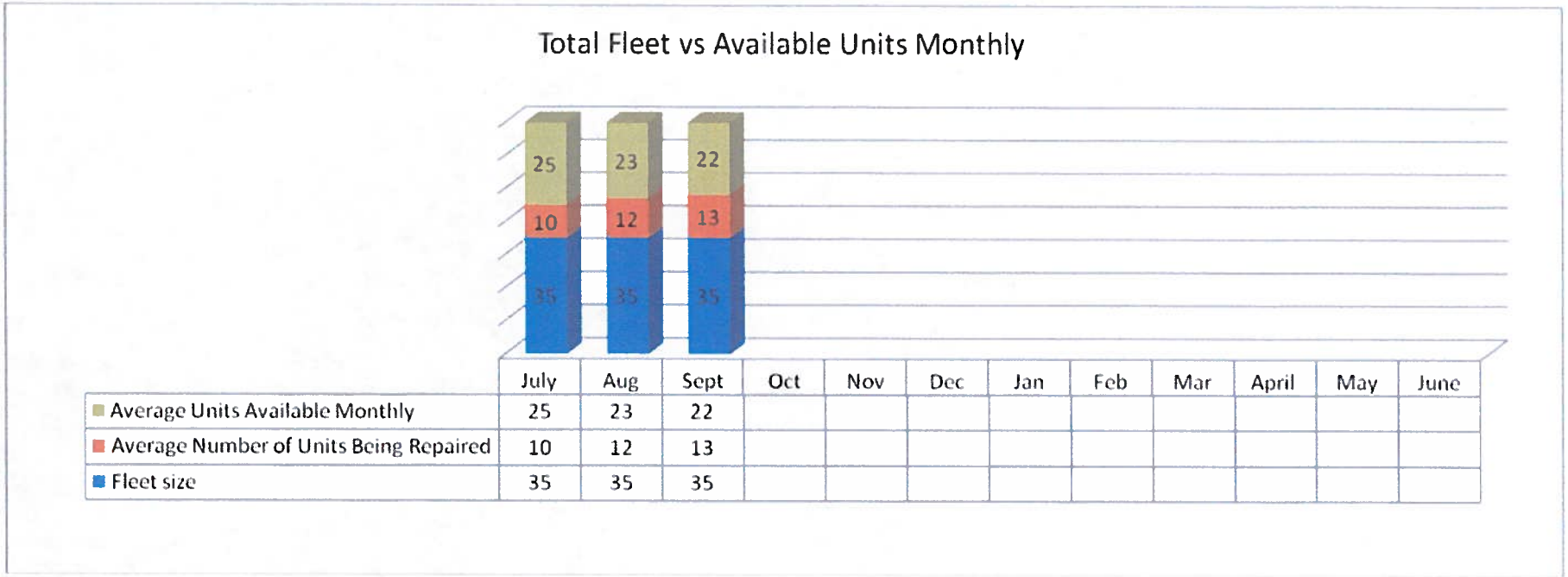
Type of Fleet/Spare	
40 Pass	1
25-28 Pass	1
18 Pass	1
12-14 Pass	4
8 Pass	1



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Spare Vehicles	8	8	8									
# Needed to run	27	27	27									
Spare Ratio	29.63%	29.63%	29.63%									
Recommended	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%

PERFORMANCE MEASURE: Total Fleet versus Available Units Monthly

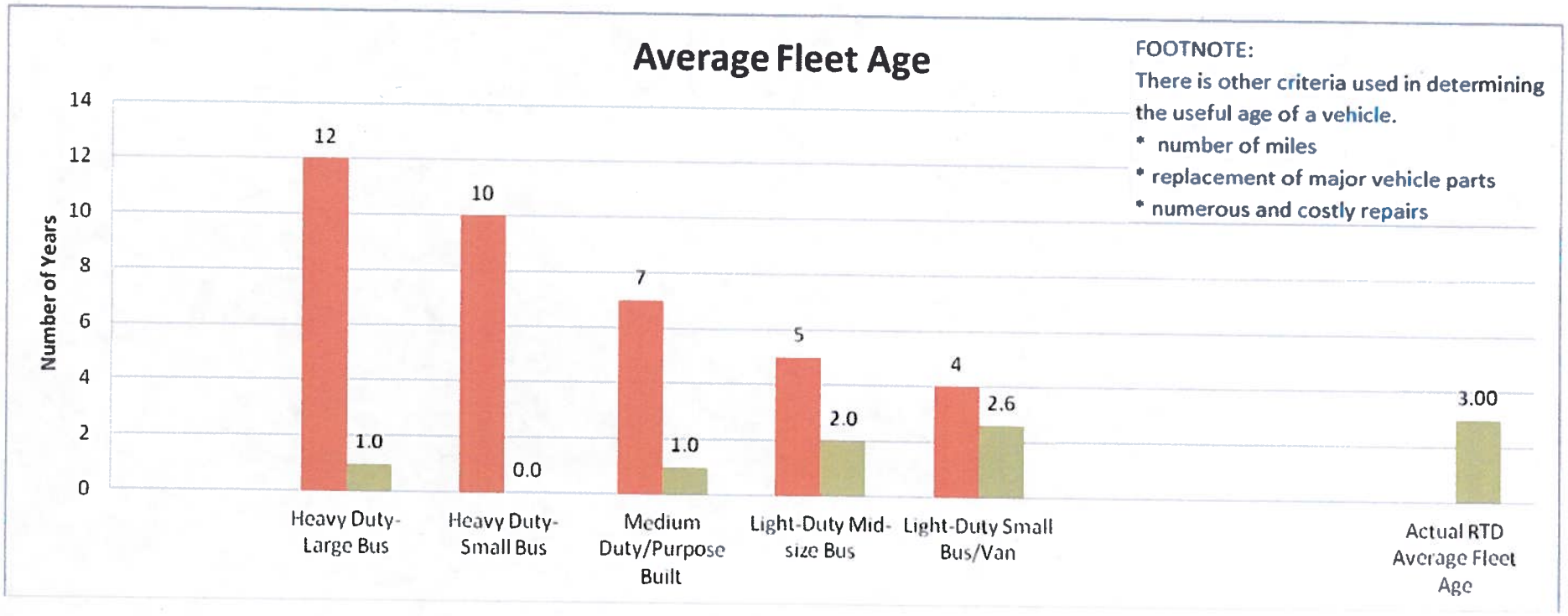
This measure is the total number of vehicles in the fleet, (equal to page 6) minus the average number of vehicles repaired during the month. The resulting number is the number of units available to operate the system for coverage of all routes. This information is collected from the Fleet Maintenance Manager based on the number of buses that have been repaired during the particular month. It tells us that we have sufficient vehicles available to operate the services offered by the NCRTD. It is important to know the number of units we have for full coverage as well as what is our average number of repairs per month. This way we can see if our repairs are running high and vehicles need to be replaced or if we are developing an average trend for repairs based on routine maintence.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Average Units Available Monthly	25	23	22									
Average Number of Units Being Repaired	10	12	13									
Fleet size	35	35	35									

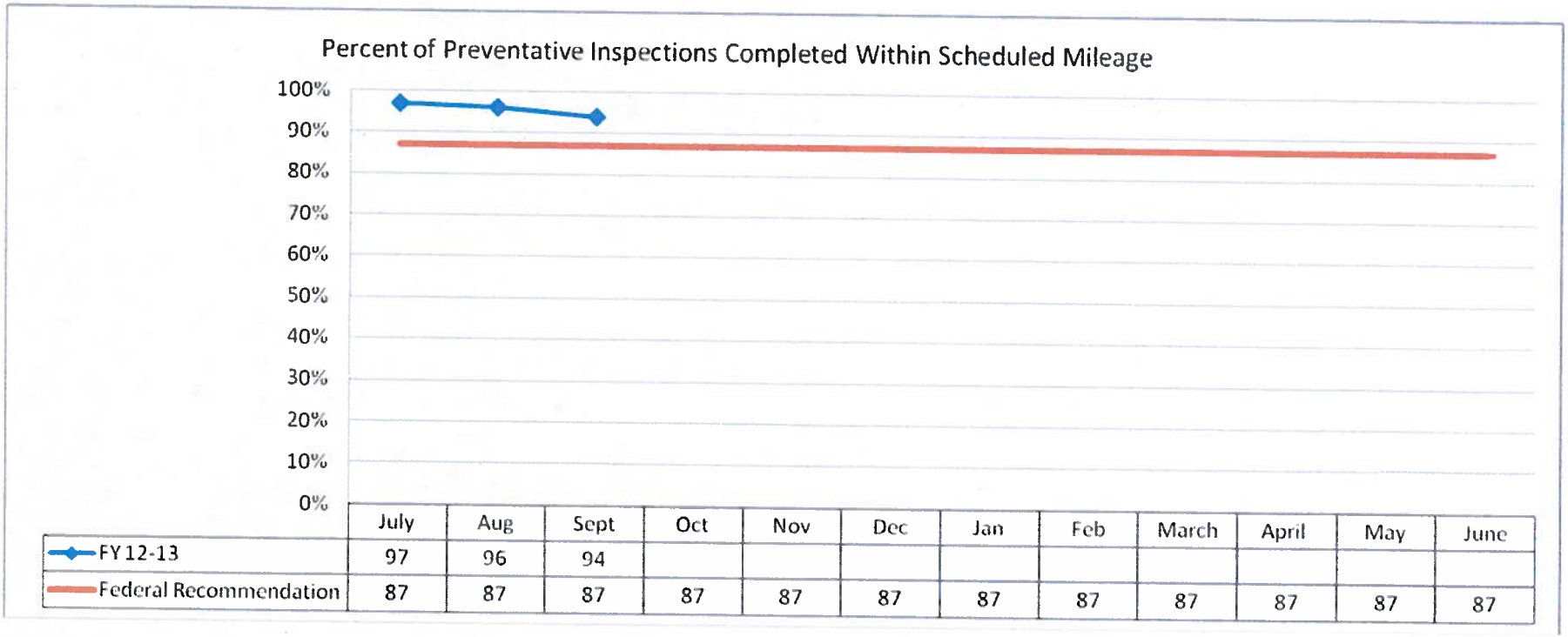
PERFORMANCE MEASURE: Average Fleet Age

This measure is the average age of the vehicles in our fleet. This is collected by adding the year of each vehicle from the vehicle inventory list and dividing by the total number of vehicles. This tells us on an average how old are vehicles are in comparison to the FTA guidelines. It tells us whether or not we are within the recommended ages for the fleet in general. At this point it tells us that our vehicles are relatively new and the replacement plan we have been using is working for the type of fleet and service the NCRTD provides. The fleet age will fluctuate as older vehicles are replaced with new vehicles.



PERFORMANCE MEASURE: Percent of Preventative Inspections Completed within Scheduled Mileage

This measurement tells us whether or not we are within the Federally recommended percent of preventative maintenance inspections conducted on vehicles in the fleet. These inspections are required to be conducted within certain mileage recommendations for the various sizes of vehicles. The FTA recommends they be conducted within the manufacturer's recommended maintenance schedule. These are tracked by the Fleet Maintenance Manager in a binder for each vehicle. He has calculated the timeliness of these inspections by reviewing these records and has noted that 97% out of 100% have been conducted. This represents a high percentage of inspections conducted on a monthly basis.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
FY 12-13	97	96	94									
Federal Recommendation	87	87	87	87	87	87	87	87	87	87	87	87

PERFORMANCE MEASURE: Number of Complaints per Month

This performance tracks monthly the number and type of complaints received by the Operations Division of the NCRTD. The complaints are received by the Operations and Maintenance Manager. These are catagorized by the type of complaint, and evaluated as to the seriousness of the complaint and whether or not a course of action needs to be taken, i.e driver reprimand, driver retraining, vehicle maintenance, etc. This measure is intended to measure the percentage of complaints versus the total ridership for the month. Driver performance can be graded and we can see if more driver training needs to be scheduled for particular drivers. Customers also have complained about routes, stops, dispatch, bus cleanliness and other various categories.

FY 12-13 Number of complaints

	Total	Scheduling Errors	Driver Performance	Against other Passengers	Miscellaneous*	Percent VS Ridership
July	9	2	4	3	0	0.06%
August	4	1	3	0	0	0.02%
Sept	5	0	5	0	0	0.03%
Oct						
Nov						
Dec						
January						
Feb						
March						
April						
May						
June						
Total	18	3	12	3	0	

*Miscellaneous - i.e. vehicle operation/type, route design, route schedule

PERFORMANCE MEASURE: Number of Customer Incidents

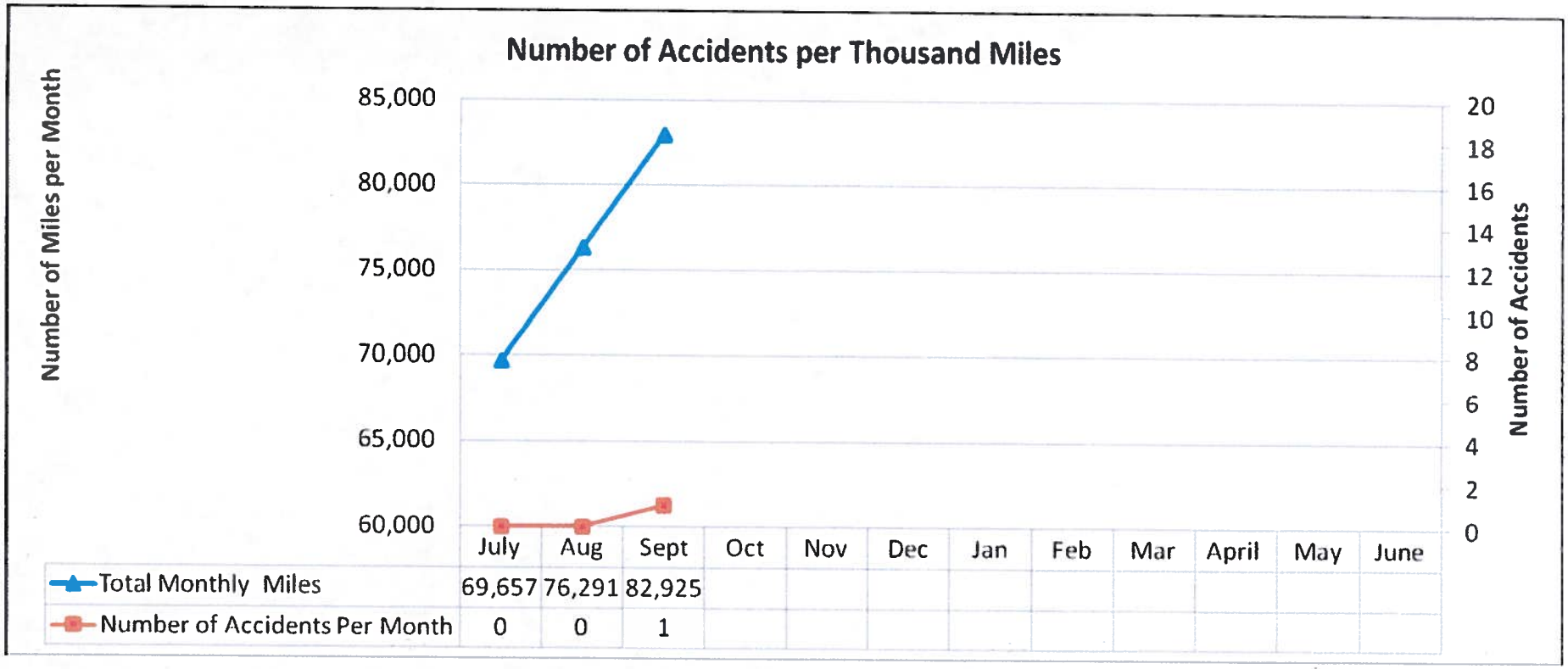
This performance measure calculates the number of customer incidents reported to the Operations and Maintenance Manager on a monthly basis. Customer incidents are any serious occurance that may have an outcome that could be potentially hazzardous to the driver or other passengers. These situations could be anything such as two passengers arguing over something, or a rider threatening a driver, or a non rider harrassing a driver for not being on time. It could also be a passenger falling down on the bus, or a passenger stepping in front of the bus as it pulls away from the curb to stop it to get on the bus. This data is collected by the driver writing an incident report and turning it in to the Operations and Maintenance Manager. This is intended to measure the types of situations that arise and how frequently they arise on the various routes of service provided by the NCRTD. This measurement tells us the freequency of incidents versus the number of monthly riders. We can then see if additional training needs to be implemented for the driver to avoid or control incidents that may occur on his route.

	Total	Between Driver and Non Rider	Between Riders	Between Driver and Rider	Single Passenger Situation	Percent VS Ridership
July	6	2	4	0	0	0.04%
Aug	9	0	4	5	0	0.05%
Sept	8	0	0	0	8	0.05%
Oct						
Nov						
Dec						
Jan						
Feb						
March						
April						
May						
June						

Total	23	2	8	5	8	

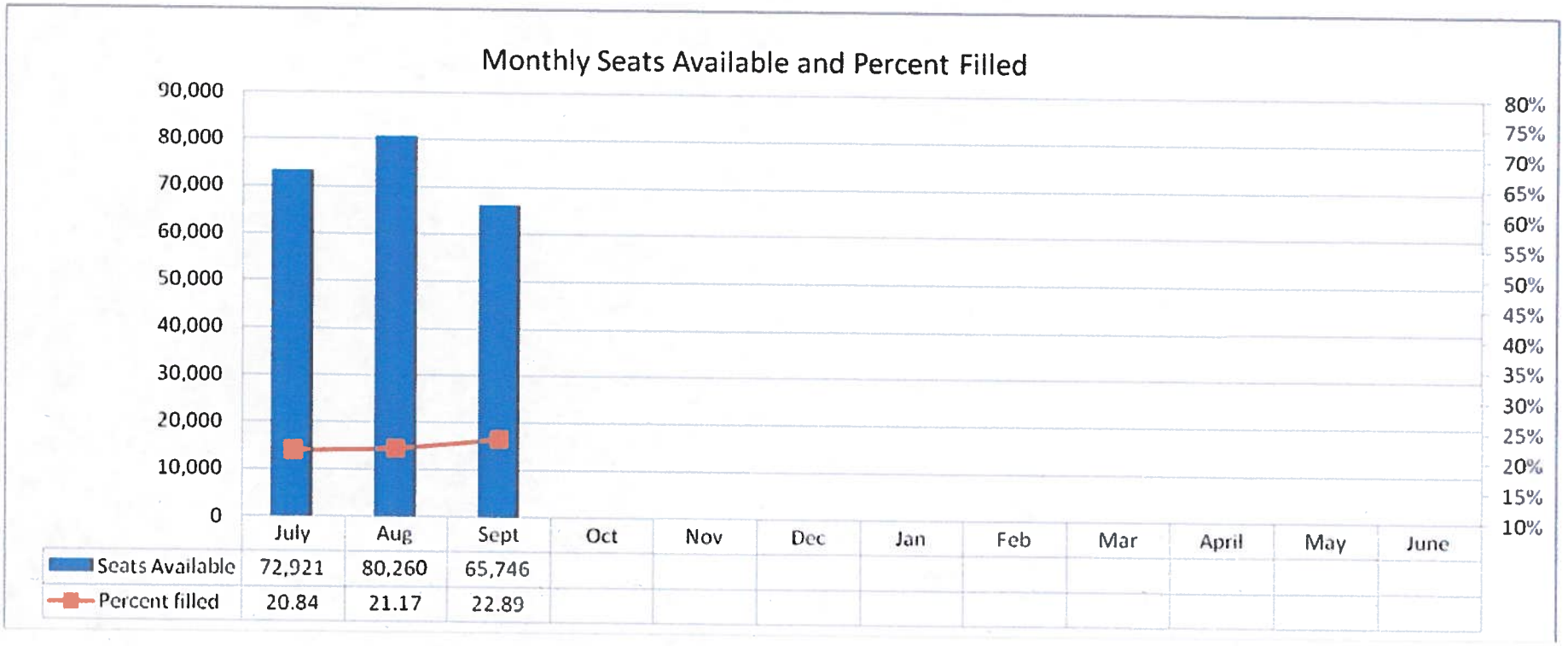
PERFORMANCE MEASURE: Number of Accidents per Thousand Miles Travelled

This measurement shows us how many accidents occur with a certain frequency of miles. This will trend our drivers safety on the road. This chart will reflect all accidents involving our drivers whether or not it is their fault. All accidents are reported to the Operations and Maintenance Manager to decide on what corrective action needs to be taken. There are established reporting and follow up procedures, but the driver accident report is very important to determine if the accident is the drivers fault or another driver on the highway. This measure will tell us how many accidents there are each month and at what frequency they occur.



PERFORMANCE MEASURE: Monthly Seats Available and Percent Filled

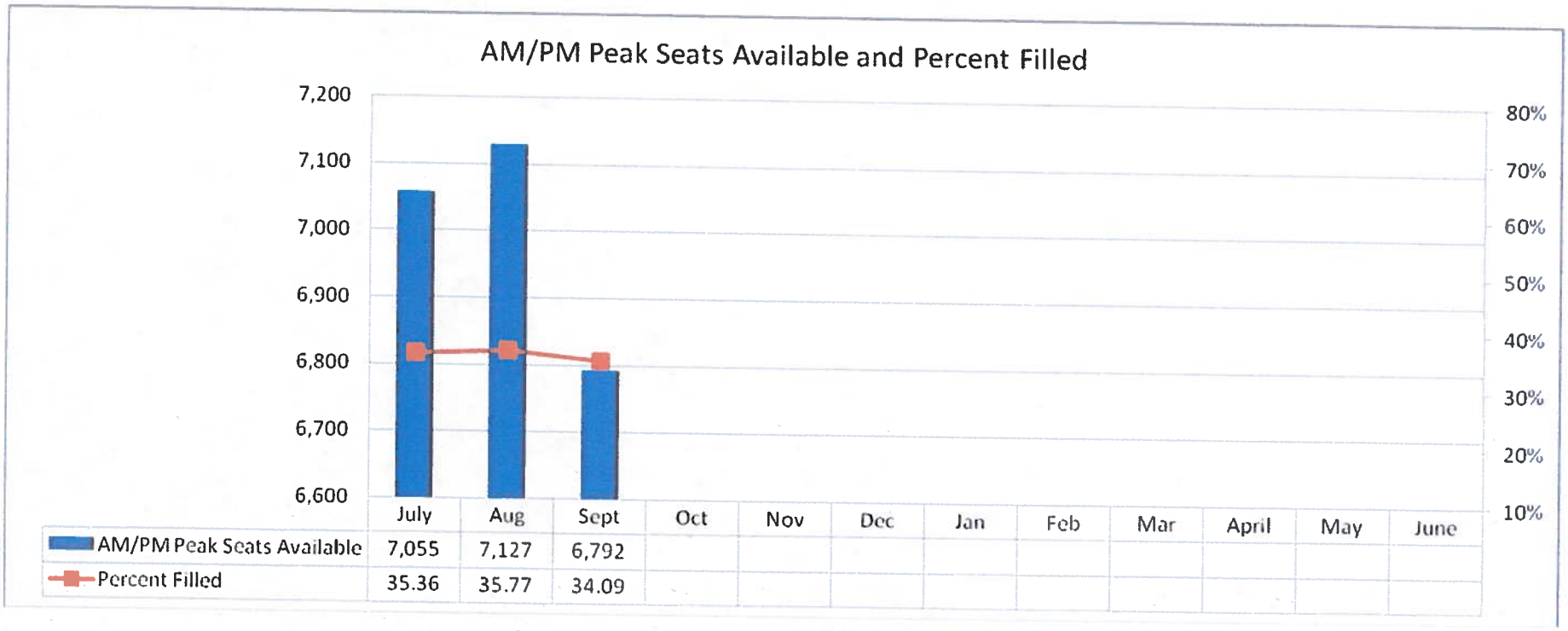
This measurement tells us how many seats are available on the size vehicle assigned to a particular route, and what percentage of those seats are fill each month. This is calculated by using the number of seats available on the vehicle times the number of trips it makes each day, times the number of rider days per month. This number is then divided by the number of monthly trips (ridershp) on that route for the month. This informaton is primarily collected from the ridership report. This measurement tells us if the size vehicle used on the route is too large and might need to be adjusted at different times of the year to ensure the seats being filled.



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Seats Available	72,921	80,260	65,746									
Percent filled	20.84	21.17	22.89									

PERFORMANCE MEASURE: AM/PM Peak Seats Available and Percent Filled

This performance measurement tell us the number of seats that are available on the bus and what percentage are filled on the AM and PM peak runs that the bus makes. Not all seats are filled on all trips of the route. There are times of the day that the bus is utilized more particullary in the morning and evening. These times are usually the commuter times that individuals are going to work or coming home from work. These numbers are tracked from the monthly ridership report and are calculated by using the total ridership versus the amount of seats filled. This also can show us if the right size vehicle is being used at peak times to provide the appropriate capacity for riders so that we do not have to leave passengers behind at the bus stop.


AM/PM Peak Seats Available and Percent Filled
7,200
7,100
7,000
6,900
6,800
6,700
6,600
80%
70%
60%
50%
40%
30%
20%
10%
July Aug Sept Oct Nov Dec Jan Feb Mar April May June
AM/PM Peak Seats Available 7,055 7,127 6,792
Percent Filled 35.36 35.77 34.09

Memorandum

To: Finance Subcommittee

From: Anthony J. Mortillaro, Executive Director

Date: June 10, 2011

Re: Update on Status of FTA FMO Response

Background: In August, 2012 the FTA finalized and submitted to the District the Financial Management Oversight (FMO) Review final report. The staff has submitted to the FTA a status update related to this report.

Recommendation: NA discussion only

Attachments:

Letter to FTA dated September 17, 2012

September 17, 2012

Mr. Abel Ayala
Federal Transit Administration
819 Taylor Street 8A36
Fort Worth, TX 76102

Dear Mr. Ayala:

Following please find the North Central Regional Transit District status update in respect to the Financial Management Overview Review Final Report dated August 1, 2012.

Material Weaknesses

1. **No Ethics/Conflict of Interest Policy Covering Employees**

Grantee's Status Response

The Board of Directors on September 7, 2012 adopted a completely new procurement code. The code under Section VII, Ethics in Public Contracting, contains provisions addressing the following: conflict of interest, gratuities and kickbacks, contingent fees prohibition, and sanctions.

2. **Incomplete Procurement Records for Major Purchases**

Grantee's Status Response

The newly adopted Procurement Code provides specific direction on various processes to be followed by staff. Specifically Article III, Source Selection and Contracts, section 27, District Procurement Records, provides for an appendix of how procurement records are to be maintained and their contents as well as various other forms.

3. **Inadequate Control over the ECHO Drawdown Process**

Grantee's Status Response

Based upon conversations the Finance Manager had with FTA reviewers, the process has been modified to align with the FTA recommendation. A reconciliation/approval form has been developed. The process involves the Finance Manager compiling all payment packets for the grants that a reimbursement request is being processed for. The Finance Manager will then complete the reconciliation/approval form and attaches all the documentation (payment packs, reports from Accounting Software) to confirm the amount being requested for reimbursement is correct. The Executive Director then reviews and approves the drawdown request.

Daniel Barrone
Chairman

Anthony J. Mortillaro
Executive Director

Governmental
Board of Directors

City of Espanola
City of Santa Fe
County of Rio Arriba
County of Santa Fe
County of Los Alamos
County of Taos
Pueblo of Ohkay Owingeh
Pueblo of Santa Clara
Pueblo of Pojoaque
Pueblo of Tesuque
Pueblo of San Ildefonso

Grantee's Status Response

The Finance Manager has established procedures for the preparation, review and submittal of Federal Financial Reports (FFR) that are forwarded to any federal agency for financial reimbursement or contract monitoring reporting. These procedures ensure that several individuals are involved in the process and there is a check and balance before reports are submitted.

3. **Inadequate Accounts Payable Processing Procedures**

Grantee's Status Response

The Finance Manager is currently reviewing and implementing internal control and standard operation procedures to the extent feasible that may satisfy the FTA requirement but not result in additional staffing costs.

Significant Deficiencies

1. **No Documented NTD Preparation and Review Process**

Grantee's Status Response

The Finance Manager and the Service Development Manager will be working on procedures for the NTD reporting. Currently the NCRTD does not have anyone staff member assigned to grant assignments, the work is bifurcated and several staff has responsibility for different portions of the process. The procedure will clearly state what staff position handles what part of the reporting and the final step will be the Executive Director who will approve the reports prior to being submitted to the proper entity.

2. **Fixed Assets Inventory Procedures not Adequate**

Grantee's Status Response

The NCRTD is in the process of implementing a fixed asset module as part of the accounting software. In the interim the Finance Manager is in the process of consolidating the 3 spreadsheets to make sure the NCRTD has all the proper information on one spreadsheet that will be contained within the fixed asset software module. The NCRTD is also in the process of creating an inventory/fixed asset policy and procedures. This policy will provide guidance on the required submittals when fixed assets or inventory items are purchased and how to account for transfers between staff and the disposal process.

In respect to the comment indicating that the NCRTD does not have a second person verifying inventory; this process has been changed by the NCRTD. The process now requires every employee to verify their inventory, and an independent staff person is then assigned to review and also verify the inventory. All inventory sheets are submitted to Finance who will has reviewed the inventory lists. The Executive Director will review and sign the "Inventory Certification" form that is required by the state auditors.

3. **Preventive Maintenance not Performed Timely**

Grantee's Status Response

The NCRTD follows NMDOT guideline for preventative maintenance. These NMDOT guidelines require that the NCRTD follow "the manufacturer's minimum requirements". Based upon this and a review of our records the District's on time record for performance service intervals was 90%. It is our belief that this performance metric places the NCRTD within NMDOT and FTA compliance standards.

4. **No Dispute Resolution Policy**

Grantee's Status Response

Article VII of the Districts newly adopted Procurement Regulations provide for a process for protests, appeals and remedies.

5. Construction Problems and Change Orders not Reported to the FTA

Grantee's Status Response

All authorized and incurred change orders to date have been submitted to the NMDOT.

6. Cash Account Reconciliation Process not Complete

Grantee's Status Response

At the conclusion of the FTA review the Finance Manager made the cash account reconciliation a priority. The Finance Manager researched each item and has cleared the items from the "suspense tab" and corrected the entry; the un-reconciled difference is now $1,035.99. The Finance Manager is currently researching these items which appear to be related to entries from the financial software conversion that occurred in 2010. Staff will continue to research and correct this variance.

7. Accounting Procedures are Fragmented

Grantee's Status Response

The NCRTD has never had an accounting manual. The Finance Manager has been working with staff to create standard operating procedures that are related to their areas of responsibility. These standard operating procedures will be part of the NCRTD accounting internal control procedures and structure. These internal control procedures will encompass all aspects of the financial section and will have procedures and forms.

8. Record Retention Policies are Incomplete

Grantee's Status Response

The Record Retention Policy has been amended and has incorporated the FTA requirements.

9. Data Fields in Fixed Asset Records are Missing

Grantee's Status Response

Data fields in Fixed Assets Inventory have been addressed.

10. Vendor Invoices Not Logged Upon Receipt

Grantee's Status Response

The standard operating procedures will address the processing of invoices received by NCRTD. This will include the procedure on how invoices will have a check and balance thru the processing procedure. A staff member will complete a log for incoming invoices.

11. Ineffective Actual to Budget Variance Analysis

Grantee's Status Response

The NCRTD performs a budget variance analysis each month. Monthly the Finance Manager or Financial Analyst runs a budget report and reviews it for line items that are either overspent or are close to being overspent. When these types of variances are identified the Finance Staff then inquires of the operational division as to the nature of the variance and a plan to address or mitigate for this is developed.

Monthly expenditures and year to date analysis are prepared and presented to the board each month. The monthly budgeted expenditures are depicted based upon one twelfth of the month being ideally expended, however due to seasonal expenditures and other circumstances, variances below or above the ideal expenditure level are expected.

12. Single Audit Findings Not Filed Timely

Grantee's Status Response

The Finance Manager has established an audit time with the external Auditors to address all aspects of audit activities including the filing of the Single Audit Finding as required by the FTA.

13. Insufficient Information Technology Physical and Application Access Security Controls

Grantee's Status Response

The IT Server room can only be accessed by the IT Contractor or Executive Director. Controls over the accounting software, is limited to the IT Contractor or Finance Manager. The District has implemented a modification that ensures that that the Finance Manager has access and is the administrator of the Accounting Software. The Executive Director will serve as the Finance Manger's back up. Modifications have been made to the software authorizations that do not allow the Financial Specialist and Financial Analyst to delete entries. A new form has been developed that requires a description as to why the entry needs to be deleted and the Finance Manager is the only one authorized to delete an entry. In addition a record will be maintained of the deletion performed by the Finance Manager. Currently all 3 members of the finance staff need to have posting capabilities. Since the District utilizes the encumbrance process the financial specialist and financial analyst must be able to post their encumbrances. Only the Finance Manager posts batches to print checks. The District is continuing to review this process and existing duties of each position to ascertain how financial functions can be modified to better segregate these duties.

If you have any questions, please do not hesitate to contact me. I have attached hereto a copy of the adopted Procurement Regulations and Illustrative forms.

Sincerely,

A.J. Mortillaro

Anthony J. Mortillaro
Executive Director

Cc: Brian Mirabal, Finance Manager, NCRTD
NCRTD Chairman Daniel Barrone, Taos County Commissioner
File